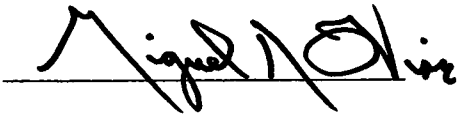


I certify this to be a true and correct
copy of the indicated document as
referred or transmitted to committee.

Chief Clerk of the House

FILED MAR 06 2003

By:



H.B. No. 1875

A BILL TO BE ENTITLED

AN ACT

relating to the water infrastructure fund, rural water assistance
fund, rural community water and wastewater loan fund, and colonia
self-help account.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 15.903, Water Code, as added by Chapter
966, Acts of the 77th Legislature, Regular Session, 2001, is
amended to read as follows:

Sec. 15.903. WATER INFRASTRUCTURE FUND. (a) The water
infrastructure fund is a special fund [~~account~~] in the state
treasury [~~general revenue fund~~] to be administered by the board
under this subchapter and rules adopted by the board under this
subchapter. Money in the fund may be used to pay for the
implementation of water projects recommended through the state and
regional water planning processes under Sections 16.051 and 16.053.

(b) The fund consists of:

- (1) appropriations from the legislature;
- (2) any other fees or sources of revenue that the
legislature may dedicate for deposit to the fund;
- (3) repayments of loans made from the fund;
- (4) interest earned on money credited to the fund;
- (5) depository interest allocable to the fund [~~in the~~
~~general revenue fund~~];
- (6) money from gifts, grants, or donations to the

1 fund;

2 (7) money from revenue bonds or other sources
3 designated by the board; and

4 (8) proceeds from the sale of political subdivision
5 bonds or obligations held in the fund and not otherwise pledged to
6 the discharge, repayment, or redemption of revenue bonds or other
7 bonds, the proceeds of which were placed in the fund.

8 SECTION 2. Subsection (e), Section 15.903, Water Code, as
9 added by Chapter 1234, Acts of the 77th Legislature, Regular
10 Session, 2001, is amended to read as follows:

11 (e) A loan provided under this subchapter may not exceed a
12 [~~\$250,000 for each project, and the~~] term of [~~a loan may not exceed~~]
13 20 years.

14 SECTION 3. Section 15.951, Water Code, as added by Chapter
15 966, Acts of the 77th Legislature, Regular Session, 2001, is
16 amended to read as follows:

17 Sec. 15.951. PURPOSE. The legislature finds that the rural
18 areas of the state, characterized by small populations extended
19 over disproportionately large service areas, require a means of
20 financing water and water quality enhancement projects in addition
21 to those established by other provisions of this chapter.

22 SECTION 4. Section 15.953, Water Code, as added by Chapter
23 966, Acts of the 77th Legislature, Regular Session, 2001, is
24 amended to read as follows:

25 Sec. 15.953. FUND. The rural water assistance fund is a
26 special fund [~~account~~] in the state treasury [~~general revenue~~
27 ~~fund~~]. The fund consists of:

____.B. No. ____

(1) money directly appropriated to the board;

(2) repayment of principal and interest from loans made from the fund not otherwise needed as a source of revenue pursuant to Section 17.9615(b);

(3) money transferred by the board from any sources available; and

(4) interest earned on the investment of money in the fund and depository interest allocable to the fund [~~in the general revenue fund~~].

SECTION 5. Subsections (a) and (b), Section 15.954, Water Code, as added by Chapter 966, Acts of the 77th Legislature, Regular Session, 2001, are amended to read as follows:

(a) The fund may be used to provide low-interest loans to rural political subdivisions for water or water-related projects and for water quality enhancement projects, including the purchase of well fields, the purchase or lease of rights to produce groundwater, onsite or wetland wastewater treatment facilities, and interim financing of construction projects.

(b) The fund may be used to enable a rural political subdivision to obtain water or wastewater service supplied by larger political subdivisions or to finance the consolidation or regionalizing of neighboring political subdivisions, or both.

SECTION 6. Subsections (a) and (b), Section 15.952, Water Code, as added by Chapter 1234, Acts of the 77th Legislature, Regular Session, 2001, are amended to read as follows:

(a) The colonia self-help account is an account in the water assistance fund [~~general revenue fund~~] that may be used by the board

1 ~~[appropriated]~~ only for the purposes of this subchapter.

2 (b) The account consists of:

3 (1) money transferred by the legislature directly to
4 the account;

5 (2) money transferred at the board's discretion from
6 the fund; and

7 (3) gifts, grants, or donations to the account~~[, and~~

8 ~~[(4) interest earned on money credited to the~~
9 ~~account]~~.

10 SECTION 7. This Act takes effect immediately if it receives
11 a vote of two-thirds of all the members elected to each house, as
12 provided by Section 39, Article III, Texas Constitution. If this
13 Act does not receive the vote necessary for immediate effect, this
14 Act takes effect September 1, 2003.

03 APR -7 PM 3: 21

HOUSE
COMMITTEE REPORT
1st Printing

HOUSE OF REPRESENTATIVES

By: Wise

H.B. No. 1875

A BILL TO BE ENTITLED

AN ACT

relating to the water infrastructure fund, rural water assistance fund, rural community water and wastewater loan fund, and colonia self-help account.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 15.903, Water Code, as added by Chapter 966, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

Sec. 15.903. WATER INFRASTRUCTURE FUND. (a) The water infrastructure fund is a special fund [~~account~~] in the state treasury [~~general revenue fund~~] to be administered by the board under this subchapter and rules adopted by the board under this subchapter. Money in the fund may be used to pay for the implementation of water projects recommended through the state and regional water planning processes under Sections 16.051 and 16.053.

(b) The fund consists of:

- (1) appropriations from the legislature;
- (2) any other fees or sources of revenue that the legislature may dedicate for deposit to the fund;
- (3) repayments of loans made from the fund;
- (4) interest earned on money credited to the fund;
- (5) depository interest allocable to the fund [~~in the general revenue fund~~];
- (6) money from gifts, grants, or donations to the

1 fund;

2 (7) money from revenue bonds or other sources
3 designated by the board; and

4 (8) proceeds from the sale of political subdivision
5 bonds or obligations held in the fund and not otherwise pledged to
6 the discharge, repayment, or redemption of revenue bonds or other
7 bonds, the proceeds of which were placed in the fund.

8 SECTION 2. Subsection (e), Section 15.903, Water Code, as
9 added by Chapter 1234, Acts of the 77th Legislature, Regular
10 Session, 2001, is amended to read as follows:

11 (e) A loan provided under this subchapter may not exceed a
12 [~~\$250,000 for each project, and the~~] term of [~~a loan may not exceed~~]
13 20 years.

14 SECTION 3. Section 15.951, Water Code, as added by Chapter
15 966, Acts of the 77th Legislature, Regular Session, 2001, is
16 amended to read as follows:

17 Sec. 15.951. PURPOSE. The legislature finds that the rural
18 areas of the state, characterized by small populations extended
19 over disproportionately large service areas, require a means of
20 financing water and water quality enhancement projects in addition
21 to those established by other provisions of this chapter.

22 SECTION 4. Section 15.953, Water Code, as added by Chapter
23 966, Acts of the 77th Legislature, Regular Session, 2001, is
24 amended to read as follows:

25 Sec. 15.953. FUND. The rural water assistance fund is a
26 special fund [~~account~~] in the state treasury [~~general revenue~~
27 ~~fund~~]. The fund consists of:

1 (1) money directly appropriated to the board;

2 (2) repayment of principal and interest from loans
3 made from the fund not otherwise needed as a source of revenue
4 pursuant to Section 17.9615(b);

5 (3) money transferred by the board from any sources
6 available; and

7 (4) interest earned on the investment of money in the
8 fund and depository interest allocable to the fund [~~in the general~~
9 ~~revenue fund~~].

10 SECTION 5. Subsections (a) and (b), Section 15.954, Water
11 Code, as added by Chapter 966, Acts of the 77th Legislature, Regular
12 Session, 2001, are amended to read as follows:

13 (a) The fund may be used to provide low-interest loans to
14 rural political subdivisions for water or water-related projects
15 and for water quality enhancement projects, including the purchase
16 of well fields, the purchase or lease of rights to produce
17 groundwater, onsite or wetland wastewater treatment facilities,
18 and interim financing of construction projects.

19 (b) The fund may be used to enable a rural political
20 subdivision to obtain water or wastewater service supplied by
21 larger political subdivisions or to finance the consolidation or
22 regionalizing of neighboring political subdivisions, or both.

23 SECTION 6. Subsections (a) and (b), Section 15.952, Water
24 Code, as added by Chapter 1234, Acts of the 77th Legislature,
25 Regular Session, 2001, are amended to read as follows:

26 (a) The colonia self-help account is an account in the water
27 assistance fund [~~general revenue fund~~] that may be used by the board

1 ~~[appropriated]~~ only for the purposes of this subchapter.

2 (b) The account consists of:

3 (1) money transferred by the legislature directly to
4 the account;

5 (2) money transferred at the board's discretion from
6 the fund; and

7 (3) gifts, grants, or donations to the account~~[, and~~
8 ~~[(4) interest earned on money credited to the~~
9 ~~account]~~.

10 SECTION 7. This Act takes effect immediately if it receives
11 a vote of two-thirds of all the members elected to each house, as
12 provided by Section 39, Article III, Texas Constitution. If this
13 Act does not receive the vote necessary for immediate effect, this
14 Act takes effect September 1, 2003.

COMMITTEE REPORT

The Honorable Tom Craddick
Speaker of the House of Representatives

3/26/03
(date)

Sir:

We, your COMMITTEE ON NATURAL RESOURCES

to whom was referred HB 1875 have had the same under consideration and beg to report back with the recommendation that it

- ☒ do pass, without amendment.
- ☐ do pass, with amendment(s).
- ☐ do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.
- ☒ yes ☐ no A fiscal note was requested.
- ☐ yes ☒ no A criminal justice policy impact statement was requested.
- ☐ yes ☒ no An equalized educational funding impact statement was requested.
- ☐ yes ☒ no An actuarial analysis was requested.
- ☐ yes ☒ no A water development policy impact statement was requested.
- ☐ yes ☒ no A tax equity note was requested.
- ☒ The Committee recommends that this measure be sent to the Committee on Local and Consent Calendars.

For Senate Measures: House Sponsor _____

Joint Sponsors: _____ / _____ / _____

Co-Sponsors: _____

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Puente, Chair	<input checked="" type="checkbox"/>			
Callegari, Vice-chair	<input checked="" type="checkbox"/>			
Campbell	<input checked="" type="checkbox"/>			
Cook, R.	<input checked="" type="checkbox"/>			
Geren	<input checked="" type="checkbox"/>			
Hamilton	<input checked="" type="checkbox"/>			
Hardcastle	<input checked="" type="checkbox"/>			
Hope	<input checked="" type="checkbox"/>			
Wolens				<input checked="" type="checkbox"/>

Total 8 aye
 0 nay
 0 present, not voting
 1 absent

M. H. M.
CHAIR

BILL ANALYSIS

H.B. 1875
By: Wise
Natural Resources
Committee Report (Unamended)

BACKGROUND AND PURPOSE

This bill clarifies legislation passed during the 77th Legislature that created new water and wastewater related funds, including the Colonia Self-help account, under the Texas Water Development Board.

During the 77th Legislature, the Water Infrastructure Fund, the Rural Water Assistance Fund, and the Colonia Self-help account were established as special accounts in the State's general revenue fund. Given the restrictions imposed by the legislation the Water Development Board developed the best and most viable financing avenues possible. Based upon the legislation passed in the 77th Legislature, the Water Development Board authorized money-saving self-help Colonia projects to be completed during the interim by non-profit organizations and active citizens. Unfortunately, when the Water Development Board attempted to reimburse the approved projects, it was determined that the anticipated transfer of funds had not been fully authorized in the previous legislation.

This bill will alleviate these reimbursement issues by reclassifying the Water Infrastructure Fund and the Rural Water Assistance Fund as special funds in the State Treasury and reclassifying the Colonia Self-help account as a separate account in the Water Development Board's Water Assistance Fund, which is an already-established fund in the State Treasury. These changes in fund-types allow the Water Development Board greater flexibility in providing funding for all borrowers participating in these programs.

In addition, this legislation expands the eligible uses of the Rural Water Assistance Fund. Currently, the Rural Water Assistance Fund may provide funding for water projects only, thereby limiting its usefulness to solving more of the water-related problems in rural areas of the State. The proposed changes expand the use of the Rural Water Assistance Fund to include wastewater projects.

Lastly, this legislation will remove the \$250,000 cap on loans that can be made by the pilot program for water and wastewater loans for rural communities. Current statutes placed the \$250,000 cap on the loans to assure a wider distribution of funding. However, demand for loans has been limited due to the maximum loan amount per project. Rural projects often are expensive because of the long distances required for service delivery and would be better served if the \$250,000 statutory limit were removed. In fiscal year 2006, the Water Development Board will report to the Legislature on the results of the pilot program and whether continuation of the program is necessary.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

This bill makes the necessary changes in the Water Code to make the Water Infrastructure Fund a special fund in the State Treasury. It removes the \$250,000 dollar cap per project for the loans. The bill changes the Rural Water Assistance Fund to be a special fund in the State Treasury and establishes that water quality enhancement (i.e., wastewater) projects are a valid recipients of Rural Water Assistance Fund. Lastly, the bill changes the Colonia Self-help account to be a separate account in the Water Development Board's Water Assistance Fund.

EFFECTIVE DATE

On passage, or if the Act does not receive the necessary vote, the Act takes effect September 1, 2003.

SUMMARY OF COMMITTEE ACTION

HB 1875

March 26, 2003 3:00PM or upon final adjourn./recess

Considered in public hearing

Testimony taken in committee (See attached witness list.)

Recommended to be sent to Local & Consent

Reported favorably without amendment(s)

WITNESS LIST

HB 1875
HOUSE COMMITTEE REPORT
Natural Resources Committee

March 26, 2003 - 3:00PM or upon final adjourn./recess
On: Olson, Leonard (TX Water Development Board)

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 25, 2003

TO: Honorable Robert Puente, Chair, House Committee on Natural Resources

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1875 by Wise (Relating to the water infrastructure fund, rural water assistance fund, rural community water and wastewater loan fund, and colonia self-help account.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would make the General Revenue Water Infrastructure Account No. 5067 and General Revenue Rural Water Assistance Account No. 5068 special funds in the state treasury, outside of the General Revenue Fund; and it would make General Revenue Dedicated Colonia Self-Help Account No. 5076 an account in the Water Assistance Fund No. 480.

The bill would remove the loan cap of \$250,000 per rural community water or wastewater projects and expand the use of the Rural Community Water and Wastewater Loan Fund.

Since there currently are no balances in any of the accounts that would be moved upon passage of the bill, no fiscal impact is expected.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 580 Water Development Board

LBB Staff: JK, CL, TL

LIST OF HOUSE AMENDMENTS CONSIDERED TODAY
HB1875-Second Reading

<u>AMENDMENT#</u>	<u>AUTHOR</u>	<u>DESCRIPTION</u>	<u>ACTION</u>
1	Wise	Amendment	Adopted

ADOPTED

MAY 06 2003

Robert H. Hanes
Chief Clerk
House of Representatives



FLOOR AMENDMENT NO. 1

BY:

WISE

Elvira Reyna

Amend H.B. No. 1875 (committee printing) on page 4, between lines 9 and 10, by inserting the following appropriately numbered SECTIONS and renumbering subsequent SECTIONS accordingly:

SECTION 7. Section 49.153(e), Water Code, is amended to read as follows:

(e) Subsection (c) does not apply to:

(1) a note issued to and approved by the:

(A) Farmers Home Administration;

(B) United States Department of Agriculture;

[or]

(C) Texas Water Development Board; or

(D) North American Development Bank; or

(2) a district described by Section 49.181(h).

SECTION 8. Section 49.181(a), Water Code, is amended to read as follows:

(a) A district may not issue bonds unless the commission determines that the project to be financed by the bonds is feasible and issues an order approving the issuance of the bonds. This section does not apply to refunding bonds or bonds issued to and approved by the Farmers Home Administration, the United States Department of Agriculture, the North American Development Bank, or the Texas Water Development Board.

SECTION 9. Sections 49.183(a) and (b), Water Code, are amended to read as follows:

(a) Except for refunding bonds, or bonds sold to a state or federal agency or to the North American Development Bank, bonds issued by a district shall be sold after advertising for and receiving competitive sealed bids and shall be awarded to the bidder whose bid produces the lowest net effective interest rate to

(((17th Sect A
Cont)))
↓

1 the district.

2 (b) Except for refunding bonds, or bonds sold to a state or
3 federal agency or to the North American Development Bank, before
4 any bonds are sold by a district, the board shall publish an
5 appropriate notice of the sale:

6 (1) at least one time not less than 10 days before the
7 date of sale in a newspaper of general circulation in the county or
8 counties in which the district is located; and

9 (2) at least one time in one or more recognized
10 financial publications of general circulation in the state as
11 approved by the state attorney general.

HOUSE ENGROSSMENT

By: Wise

H.B. No. 1875

A BILL TO BE ENTITLED

AN ACT

relating to the water infrastructure fund, rural water assistance fund, rural community water and wastewater loan fund, and colonia self-help account, and to certain notes and bonds of water districts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 15.903, Water Code, as added by Chapter 966, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

Sec. 15.903. WATER INFRASTRUCTURE FUND. (a) The water infrastructure fund is a special fund [~~account~~] in the state treasury [~~general revenue fund~~] to be administered by the board under this subchapter and rules adopted by the board under this subchapter. Money in the fund may be used to pay for the implementation of water projects recommended through the state and regional water planning processes under Sections 16.051 and 16.053.

(b) The fund consists of:

- (1) appropriations from the legislature;
- (2) any other fees or sources of revenue that the legislature may dedicate for deposit to the fund;
- (3) repayments of loans made from the fund;
- (4) interest earned on money credited to the fund;
- (5) depository interest allocable to the fund [~~in the general revenue fund~~];

1 (6) money from gifts, grants, or donations to the
2 fund;

3 (7) money from revenue bonds or other sources
4 designated by the board; and

5 (8) proceeds from the sale of political subdivision
6 bonds or obligations held in the fund and not otherwise pledged to
7 the discharge, repayment, or redemption of revenue bonds or other
8 bonds, the proceeds of which were placed in the fund.

9 SECTION 2. Subsection (e), Section 15.903, Water Code, as
10 added by Chapter 1234, Acts of the 77th Legislature, Regular
11 Session, 2001, is amended to read as follows:

12 (e) A loan provided under this subchapter may not exceed a
13 ~~[\$250,000 for each project, and the]~~ term of ~~[a loan may not exceed]~~
14 20 years.

15 SECTION 3. Section 15.951, Water Code, as added by Chapter
16 966, Acts of the 77th Legislature, Regular Session, 2001, is
17 amended to read as follows:

18 Sec. 15.951. PURPOSE. The legislature finds that the rural
19 areas of the state, characterized by small populations extended
20 over disproportionately large service areas, require a means of
21 financing water and water quality enhancement projects in addition
22 to those established by other provisions of this chapter.

23 SECTION 4. Section 15.953, Water Code, as added by Chapter
24 966, Acts of the 77th Legislature, Regular Session, 2001, is
25 amended to read as follows:

26 Sec. 15.953. FUND. The rural water assistance fund is a
27 special fund ~~[account]~~ in the state treasury ~~[general revenue]~~

1 ~~fund~~]. The fund consists of:

- 2 (1) money directly appropriated to the board;
- 3 (2) repayment of principal and interest from loans
- 4 made from the fund not otherwise needed as a source of revenue
- 5 pursuant to Section 17.9615(b);
- 6 (3) money transferred by the board from any sources
- 7 available; and
- 8 (4) interest earned on the investment of money in the
- 9 fund and depository interest allocable to the fund [~~in the general~~
- 10 ~~revenue fund~~].

11 SECTION 5. Sections 15.954(a) and (b), Water Code, as added

12 by Chapter 966, Acts of the 77th Legislature, Regular Session,

13 2001, are amended to read as follows:

14 (a) The fund may be used to provide low-interest loans to

15 rural political subdivisions for water or water-related projects

16 and for water quality enhancement projects, including the purchase

17 of well fields, the purchase or lease of rights to produce

18 groundwater, onsite or wetland wastewater treatment facilities,

19 and interim financing of construction projects.

20 (b) The fund may be used to enable a rural political

21 subdivision to obtain water or wastewater service supplied by

22 larger political subdivisions or to finance the consolidation or

23 regionalizing of neighboring political subdivisions, or both.

24 SECTION 6. Sections 15.952(a) and (b), Water Code, as added

25 by Chapter 1234, Acts of the 77th Legislature, Regular Session,

26 2001, are amended to read as follows:

27 (a) The colonia self-help account is an account in the water

1 assistance fund [~~general revenue fund~~] that may be used by the board
2 ~~[appropriated]~~ only for the purposes of this subchapter.

3 (b) The account consists of:

4 (1) money transferred by the legislature directly to
5 the account;

6 (2) money transferred at the board's discretion from
7 the fund; and

8 (3) gifts, grants, or donations to the account [~~, and~~
9 ~~[(4) interest earned on money credited to the~~
10 ~~account]~~].

11 SECTION 7. Section 49.153(e), Water Code, is amended to
12 read as follows:

13 (e) Subsection (c) does not apply to:

14 (1) a note issued to and approved by the:

15 (A) Farmers Home Administration;

16 (B) United States Department of Agriculture;

17 [~~or~~]

18 (C) Texas Water Development Board; or

19 (D) North American Development Bank; or

20 (2) a district described by Section 49.181(h).

21 SECTION 8. Section 49.181(a), Water Code, is amended to
22 read as follows:

23 (a) A district may not issue bonds unless the commission
24 determines that the project to be financed by the bonds is feasible
25 and issues an order approving the issuance of the bonds. This
26 section does not apply to refunding bonds or bonds issued to and
27 approved by the Farmers Home Administration, the United States

1 Department of Agriculture, the North American Development Bank, or
2 the Texas Water Development Board.

3 SECTION 9. Sections 49.183(a) and (b), Water Code, are
4 amended to read as follows:

5 (a) Except for refunding bonds, or bonds sold to a state or
6 federal agency or to the North American Development Bank, bonds
7 issued by a district shall be sold after advertising for and
8 receiving competitive sealed bids and shall be awarded to the
9 bidder whose bid produces the lowest net effective interest rate to
10 the district.

11 (b) Except for refunding bonds, or bonds sold to a state or
12 federal agency or to the North American Development Bank, before
13 any bonds are sold by a district, the board shall publish an
14 appropriate notice of the sale:

15 (1) at least one time not less than 10 days before the
16 date of sale in a newspaper of general circulation in the county or
17 counties in which the district is located; and

18 (2) at least one time in one or more recognized
19 financial publications of general circulation in the state as
20 approved by the state attorney general.

21 SECTION 10. This Act takes effect immediately if it
22 receives a vote of two-thirds of all the members elected to each
23 house, as provided by Section 39, Article III, Texas Constitution.
24 If this Act does not receive the vote necessary for immediate
25 effect, this Act takes effect September 1, 2003.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 25, 2003

TO: Honorable Robert Puente, Chair, House Committee on Natural Resources

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1875 by Wise (Relating to the water infrastructure fund, rural water assistance fund, rural community water and wastewater loan fund, and colonia self-help account.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would make the General Revenue Water Infrastructure Account No. 5067 and General Revenue Rural Water Assistance Account No. 5068 special funds in the state treasury, outside of the General Revenue Fund; and it would make General Revenue Dedicated Colonia Self-Help Account No. 5076 an account in the Water Assistance Fund No. 480.

The bill would remove the loan cap of \$250,000 per rural community water or wastewater projects and expand the use of the Rural Community Water and Wastewater Loan Fund.

Since there currently are no balances in any of the accounts that would be moved upon passage of the bill, no fiscal impact is expected.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 580 Water Development Board

LBB Staff: JK, CL, TL

By: Wise (Senate Sponsor - Lucio) H.B. No. 1875
(In the Senate - Received from the House May 7, 2003;
May 9, 2003, read first time and referred to Committee on
Administration; May 16, 2003, reported favorably by the following
vote: Yeas 7, Nays 0; May 16, 2003, sent to printer.)

A BILL TO BE ENTITLED
AN ACT

relating to the water infrastructure fund, rural water assistance
fund, rural community water and wastewater loan fund, and colonia
self-help account, and to certain notes and bonds of water
districts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 15.903, Water Code, as added by Chapter
966, Acts of the 77th Legislature, Regular Session, 2001, is
amended to read as follows:

Sec. 15.903. WATER INFRASTRUCTURE FUND. (a) The water
infrastructure fund is a special fund ~~[account]~~ in the state
treasury ~~[general revenue fund]~~ to be administered by the board
under this subchapter and rules adopted by the board under this
subchapter. Money in the fund may be used to pay for the
implementation of water projects recommended through the state and
regional water planning processes under Sections 16.051 and 16.053.

(b) The fund consists of:

(1) appropriations from the legislature;
(2) any other fees or sources of revenue that the
legislature may dedicate for deposit to the fund;
(3) repayments of loans made from the fund;
(4) interest earned on money credited to the fund;
(5) depository interest allocable to the fund ~~[in the~~
~~general revenue fund]~~;

(6) money from gifts, grants, or donations to the
fund;

(7) money from revenue bonds or other sources
designated by the board; and

(8) proceeds from the sale of political subdivision
bonds or obligations held in the fund and not otherwise pledged to
the discharge, repayment, or redemption of revenue bonds or other
bonds, the proceeds of which were placed in the fund.

SECTION 2. Subsection (e), Section 15.903, Water Code, as
added by Chapter 1234, Acts of the 77th Legislature, Regular
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(e) A loan provided under this subchapter may not exceed a
~~[\$250,000 for each project, and the]~~ term of ~~[a loan may not exceed]~~
20 years.

SECTION 3. Section 15.951, Water Code, as added by Chapter
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Sec. 15.951. PURPOSE. The legislature finds that the rural
areas of the state, characterized by small populations extended
over disproportionately large service areas, require a means of
financing water and water quality enhancement projects in addition
to those established by other provisions of this chapter.

SECTION 4. Section 15.953, Water Code, as added by Chapter
966, Acts of the 77th Legislature, Regular Session, 2001, is
amended to read as follows:

Sec. 15.953. FUND. The rural water assistance fund is a
special fund ~~[account]~~ in the state treasury ~~[general revenue~~
~~fund]~~. The fund consists of:

(1) money directly appropriated to the board;
(2) repayment of principal and interest from loans
made from the fund not otherwise needed as a source of revenue
pursuant to Section 17.9615(b);

(3) money transferred by the board from any sources
available; and

(4) interest earned on the investment of money in the fund and depository interest allocable to the fund [~~in the general revenue fund~~].

SECTION 5. Sections 15.954(a) and (b), Water Code, as added by Chapter 966, Acts of the 77th Legislature, Regular Session, 2001, are amended to read as follows:

(a) The fund may be used to provide low-interest loans to rural political subdivisions for water or water-related projects and for water quality enhancement projects, including the purchase of well fields, the purchase or lease of rights to produce groundwater, onsite or wetland wastewater treatment facilities, and interim financing of construction projects.

(b) The fund may be used to enable a rural political subdivision to obtain water or wastewater service supplied by larger political subdivisions or to finance the consolidation or regionalizing of neighboring political subdivisions, or both.

SECTION 6. Sections 15.952(a) and (b), Water Code, as added by Chapter 1234, Acts of the 77th Legislature, Regular Session, 2001, are amended to read as follows:

(a) The colonia self-help account is an account in the water assistance fund [~~general revenue fund~~] that may be used by the board [~~appropriated~~] only for the purposes of this subchapter.

(b) The account consists of:

- (1) money transferred by the legislature directly to the account;
- (2) money transferred at the board's discretion from the fund; and
- (3) gifts, grants, or donations to the account [~~, and~~
- ~~(4) interest earned on money credited to the account~~].

SECTION 7. Section 49.153(e), Water Code, is amended to read as follows:

(e) Subsection (c) does not apply to:

- (1) a note issued to and approved by the:
 - (A) Farmers Home Administration;
 - (B) United States Department of Agriculture;
 - ~~(C) Texas Water Development Board; or~~
 - ~~(D) North American Development Bank; or~~
- (2) a district described by Section 49.181(h).

SECTION 8. Section 49.181(a), Water Code, is amended to read as follows:

(a) A district may not issue bonds unless the commission determines that the project to be financed by the bonds is feasible and issues an order approving the issuance of the bonds. This section does not apply to refunding bonds or bonds issued to and approved by the Farmers Home Administration, the United States Department of Agriculture, the North American Development Bank, or the Texas Water Development Board.

SECTION 9. Sections 49.183(a) and (b), Water Code, are amended to read as follows:

(a) Except for refunding bonds, or bonds sold to a state or federal agency or to the North American Development Bank, bonds issued by a district shall be sold after advertising for and receiving competitive sealed bids and shall be awarded to the bidder whose bid produces the lowest net effective interest rate to the district.

(b) Except for refunding bonds, or bonds sold to a state or federal agency or to the North American Development Bank, before any bonds are sold by a district, the board shall publish an appropriate notice of the sale:

(1) at least one time not less than 10 days before the date of sale in a newspaper of general circulation in the county or counties in which the district is located; and

(2) at least one time in one or more recognized financial publications of general circulation in the state as approved by the state attorney general.

SECTION 10. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each

3-1 house, as provided by Section 39, Article III, Texas Constitution.
3-2 If this Act does not receive the vote necessary for immediate
3-3 effect, this Act takes effect September 1, 2003.

3-4

* * * * *

FAVORABLE
SENATE COMMITTEE REPORT ON

SB SCR SJR SR HB HCR HJR

1875

By

Wise Truck

(Author/Senate Sponsor)

5/16/03

(date)

Sir:

We, your Committee on ADMINISTRATION, to which was referred the attached measure, have on May 15, 2003 (date of hearing), had the same under consideration and I am instructed to report it back with the recommendation (s) that it:

☒ do pass and be printed

☐ do pass and be ordered not printed

☒ and is recommended for placement on the Local and Uncontested Bills Calendar.

A fiscal note was requested. ☒ yes ☐ no

A revised fiscal note was requested. ☐ yes ☒ no

An actuarial analysis was requested. ☐ yes ☒ no

Considered by subcommittee. ☐ yes ☒ no

The measure was reported from Committee by the following vote:

	YEA	NAY	ABSENT	PNV
Senator Harris, Chairman	<input checked="" type="checkbox"/>			
Senator Hinojosa, Vice-Chairman	<input checked="" type="checkbox"/>			
Senator Jackson	<input checked="" type="checkbox"/>			
Senator Janek	<input checked="" type="checkbox"/>			
Senator Van de Putte	<input checked="" type="checkbox"/>			
Senator Wentworth	<input checked="" type="checkbox"/>			
Senator Whitmire	<input checked="" type="checkbox"/>			
TOTAL VOTES	<u>7</u>	<u>0</u>	<u>0</u>	

COMMITTEE ACTION

S260 Considered in public hearing

S270 Testimony taken

Ann Abago

COMMITTEE CLERK

Chris Harris

CHAIRMAN

Paper clip the original and one copy of this signed form to the original bill
Retain one copy of this form for Committee files

BILL ANALYSIS

Senate Research Center

H.B. 1875
By: Wise (Lucio)
Administration
5-12-2003
Engrossed

DIGEST AND PURPOSE

H.B. 1875 clarifies legislation passed during the 77th Texas Legislature that created new water- and wastewater-related funds, including the colonia self-help account, under the Texas Water Development Board.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 15.903, Water Code, as added by Chapter 966, Acts of the 77th Legislature, Regular Session, 2001, as follows:

Sec. 15.903. WATER INFRASTRUCTURE FUND. Provides that the water infrastructure fund is a special fund, rather than account, in the state treasury, rather than general revenue fund, to be administered by the Texas Water Development Board (board) under this subchapter and rules adopted by the board under this subchapter. Makes conforming changes.

SECTION 2. Amends Section 15.903(e), Water Code, as added by Chapter 1234, Acts of the 77th Legislature, Regular Session, 2001, to provide that a loan provided under this subchapter may not exceed a term of 20 years. Deletes text providing that a loan provided under this subchapter may not exceed \$250,000 for each project.

SECTION 3. Amends Section 15.951, Water Code, as added by Chapter 966, Acts of the 77th Legislature, Regular Session, 2001, as follows:

Sec. 15.951. PURPOSE. Includes water quality enhancement projects in the purpose of this chapter.

SECTION 4. Amends Section 15.953, Water Code, as added by Chapter 966, Acts of the 77th Legislature, Regular Session, 2001, as follows:

Sec. 15.953. FUND. Provides that the rural water assistance fund is a special fund in the state treasury, rather than a special account in the general revenue fund. Provides that the fund consists of certain monies including interest earned on the investment of money in the fund and depository interest allocable to the fund rather than in the general revenue fund.

SECTION 5. Amends Sections 15.954(a) and (b), Water Code, as added by Chapter 966, Acts of the 77th Legislature, Regular Session, 2001, as follows:

(a) Authorizes the fund to be used to provide low-interest loans to rural political subdivisions for water or water-related projects and for water quality enhancement projects, including the purchase of well fields, the purchase or lease of rights to produce groundwater, onsite or wetland wastewater treatment facilities, and interim financing of construction projects.

(b) Authorizes the fund to be used to enable a rural political subdivision to obtain water or wastewater service supplied by larger political subdivisions or to finance the consolidation or regionalizing of neighboring political subdivisions or both.

SECTION 6. Amends Sections 15.952(a) and (b), Water Code, as added by Chapter 1234, Acts of the 77th Legislature, Regular Session, 2001, as follows:

(a) Provides that the colonia self-help account is an account in the water assistance fund, rather than in the general revenue fund, that may be used, rather than appropriated, by the board only for the purposes of this subchapter.

(b) Deletes the provision that interest earned on money credited to the account is among the funds of the account.

SECTION 7. Amends Section 49.153(e), Water Code, to provide that Subsection (c) does not apply to certain notes or districts, including a note issued to and approved by the North American Development Bank.

SECTION 8. Amends Section 49.181(a), Water Code, to make a conforming change.

SECTION 9. Amends Sections 49.183(a) and (b), Water Code, to make conforming changes.

SECTION 10. Effective date: upon passage or September 1, 2003.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 12, 2003

TO: Honorable Chris Harris, Chair, Senate Committee on Administration

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1875 by Wise (Relating to the water infrastructure fund, rural water assistance fund, rural community water and wastewater loan fund, and colonia self-help account, and to certain notes and bonds of water districts.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would make the General Revenue Water Infrastructure Account No. 5067 and General Revenue Rural Water Assistance Account No. 5068 special funds in the state treasury, outside of the General Revenue Fund; and it would make General Revenue Dedicated Colonia Self-Help Account No. 5076 an account in the Water Assistance Fund No. 480.

The bill would remove the loan cap of \$250,000 per rural community water or wastewater projects and expand the use of the Rural Community Water and Wastewater Loan Fund.

Since there currently are no balances in any of the accounts that would be moved upon passage of the bill, no fiscal impact is expected.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 580 Water Development Board

LBB Staff: JK, SD, CL, TL

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 25, 2003

TO: Honorable Robert Puente, Chair, House Committee on Natural Resources

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1875 by Wise (Relating to the water infrastructure fund, rural water assistance fund, rural community water and wastewater loan fund, and colonia self-help account.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would make the General Revenue Water Infrastructure Account No. 5067 and General Revenue Rural Water Assistance Account No. 5068 special funds in the state treasury, outside of the General Revenue Fund; and it would make General Revenue Dedicated Colonia Self-Help Account No. 5076 an account in the Water Assistance Fund No. 480.

The bill would remove the loan cap of \$250,000 per rural community water or wastewater projects and expand the use of the Rural Community Water and Wastewater Loan Fund.

Since there currently are no balances in any of the accounts that would be moved upon passage of the bill, no fiscal impact is expected.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 580 Water Development Board

LBB Staff: JK, CL, TL

REQUEST FOR LOCAL & UNCONTESTED CALENDAR PLACEMENT

SENATOR CHRIS HARRIS, CHAIRMAN
SENATE COMMITTEE ON ADMINISTRATION

Notice is hereby given that HB 1875, by Wise / Lucio,
(Bill No.) (Author/Sponsor)
was heard by the Committee on Administration on May 13, 2003,
and reported out with the recommendation that it be placed on the Local and Uncontested Calendar.

Ann Hagen
(Clerk of the reporting committee)

IMPORTANT: A COPY OF THIS FORM MUST BE ATTACHED TO A COMMITTEE PRINTED VERSION OF THE BILL OR RESOLUTION AND SHOULD BE DELIVERED TO THE ADMINISTRATION COMMITTEE OFFICE, E1.714. DEADLINES FOR SUBMITTING BILLS AND RESOLUTIONS WILL BE ANNOUNCED ON A REGULAR BASIS.

F
ENROLLED

H.B. No. 1875

1 AN ACT

2 relating to the water infrastructure fund, rural water assistance
3 fund, rural community water and wastewater loan fund, and colonia
4 self-help account, and to certain notes and bonds of water
5 districts.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

7 SECTION 1. Section 15.903, Water Code, as added by Chapter
8 966, Acts of the 77th Legislature, Regular Session, 2001, is
9 amended to read as follows:

10 Sec. 15.903. WATER INFRASTRUCTURE FUND. (a) The water
11 infrastructure fund is a special fund [~~account~~] in the state
12 treasury [~~general revenue fund~~] to be administered by the board
13 under this subchapter and rules adopted by the board under this
14 subchapter. Money in the fund may be used to pay for the
15 implementation of water projects recommended through the state and
16 regional water planning processes under Sections 16.051 and 16.053.

17 (b) The fund consists of:

- 18 (1) appropriations from the legislature;
19 (2) any other fees or sources of revenue that the
20 legislature may dedicate for deposit to the fund;
21 (3) repayments of loans made from the fund;
22 (4) interest earned on money credited to the fund;
23 (5) depository interest allocable to the fund [~~in the~~
24 ~~general revenue fund~~];

(6) money from gifts, grants, or donations to the fund;

(7) money from revenue bonds or other sources designated by the board; and

(8) proceeds from the sale of political subdivision bonds or obligations held in the fund and not otherwise pledged to the discharge, repayment, or redemption of revenue bonds or other bonds, the proceeds of which were placed in the fund.

SECTION 2. Subsection (e), Section 15.903, Water Code, as added by Chapter 1234, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

(e) A loan provided under this subchapter may not exceed a ~~[\$250,000 for each project, and the]~~ term of ~~[a loan may not exceed]~~ 20 years.

SECTION 3. Section 15.951, Water Code, as added by Chapter 966, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

Sec. 15.951. PURPOSE. The legislature finds that the rural areas of the state, characterized by small populations extended over disproportionately large service areas, require a means of financing water and water quality enhancement projects in addition to those established by other provisions of this chapter.

SECTION 4. Section 15.953, Water Code, as added by Chapter 966, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

Sec. 15.953. FUND. The rural water assistance fund is a special fund ~~[account]~~ in the state treasury ~~[general revenue~~

~~fund~~]. The fund consists of:

- (1) money directly appropriated to the board;
- (2) repayment of principal and interest from loans made from the fund not otherwise needed as a source of revenue pursuant to Section 17.9615(b);
- (3) money transferred by the board from any sources available; and
- (4) interest earned on the investment of money in the fund and depository interest allocable to the fund [~~in the general revenue fund~~].

SECTION 5. Sections 15.954(a) and (b), Water Code, as added by Chapter 966, Acts of the 77th Legislature, Regular Session, 2001, are amended to read as follows:

(a) The fund may be used to provide low-interest loans to rural political subdivisions for water or water-related projects and for water quality enhancement projects, including the purchase of well fields, the purchase or lease of rights to produce groundwater, onsite or wetland wastewater treatment facilities, and interim financing of construction projects.

(b) The fund may be used to enable a rural political subdivision to obtain water or wastewater service supplied by larger political subdivisions or to finance the consolidation or regionalizing of neighboring political subdivisions, or both.

SECTION 6. Sections 15.952(a) and (b), Water Code, as added by Chapter 1234, Acts of the 77th Legislature, Regular Session, 2001, are amended to read as follows:

(a) The colonia self-help account is an account in the water

1 assistance fund [~~general revenue fund~~] that may be used by the board
2 ~~[appropriated]~~ only for the purposes of this subchapter.

3 (b) The account consists of:

4 (1) money transferred by the legislature directly to
5 the account;

6 (2) money transferred at the board's discretion from
7 the fund; and

8 (3) gifts, grants, or donations to the account[~~, and~~
9 ~~[(4) interest earned on money credited to the~~
10 ~~account]~~].

11 SECTION 7. Section 49.153(e), Water Code, is amended to
12 read as follows:

13 (e) Subsection (c) does not apply to:

14 (1) a note issued to and approved by the:

15 (A) Farmers Home Administration;

16 (B) United States Department of Agriculture;

17 [~~or~~]

18 (C) Texas Water Development Board; or

19 (D) North American Development Bank; or

20 (2) a district described by Section 49.181(h).

21 SECTION 8. Section 49.181(a), Water Code, is amended to
22 read as follows:

23 (a) A district may not issue bonds unless the commission
24 determines that the project to be financed by the bonds is feasible
25 and issues an order approving the issuance of the bonds. This
26 section does not apply to refunding bonds or bonds issued to and
27 approved by the Farmers Home Administration, the United States

1 Department of Agriculture, the North American Development Bank, or
2 the Texas Water Development Board.

3 SECTION 9. Sections 49.183(a) and (b), Water Code, are
4 amended to read as follows:

5 (a) Except for refunding bonds, or bonds sold to a state or
6 federal agency or to the North American Development Bank, bonds
7 issued by a district shall be sold after advertising for and
8 receiving competitive sealed bids and shall be awarded to the
9 bidder whose bid produces the lowest net effective interest rate to
10 the district.

11 (b) Except for refunding bonds, or bonds sold to a state or
12 federal agency or to the North American Development Bank, before
13 any bonds are sold by a district, the board shall publish an
14 appropriate notice of the sale:

15 (1) at least one time not less than 10 days before the
16 date of sale in a newspaper of general circulation in the county or
17 counties in which the district is located; and

18 (2) at least one time in one or more recognized
19 financial publications of general circulation in the state as
20 approved by the state attorney general.

21 SECTION 10. This Act takes effect immediately if it
22 receives a vote of two-thirds of all the members elected to each
23 house, as provided by Section 39, Article III, Texas Constitution.
24 If this Act does not receive the vote necessary for immediate
25 effect, this Act takes effect September 1, 2003.

President of the Senate

Speaker of the House

I certify that H.B. No. 1875 was passed by the House on May 6, 2003, by the following vote: Yeas 143, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 1875 was passed by the Senate on May 20, 2003, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____
Date

Governor

President of the Senate

Speaker of the House

I certify that H.B. No. 1875[✓] was passed by the House
(1)

on May 6[✓], 2003, by the following vote:
(2)

Yeas 143[✓], Nays 0[✓], 2 present, not voting
(3) (4)

Chief Clerk of the House

I certify that H.B. No. 1875[✓] was passed by the Senate

on May 20[✓], 2003, by the following vote:
(5)

Yeas 31[✓], Nays 0[✓]
(6) (7)

Secretary of the Senate

APPROVED:

Date

Governor

**** Preparation: CT24;

H.B. No. 1875

By 

**A BILL TO BE ENTITLED
AN ACT**

Relating to the water infrastructure fund, rural water assistance fund, rural community water and wastewater loan fund, and colonia self-help account.

MAR 06 2003

Filed with the Chief Clerk

MAR 11 2003

Read first time and referred to Committee on Natural Resources

MAR 26 2003

Reported favorably (~~unfavorably~~)
(~~as substituted~~)

APR 08 2003

Sent to Committee on (~~Calendar~~)
(Local & Consent Calendars)

MAY 06 2003

Read second time (~~amended~~) (~~amended~~); passed to third reading (~~failed~~) by a (non-record vote)
(~~record vote~~) (~~years~~) (~~nays~~) (~~present~~) (~~not voting~~)

Constitutional rule requiring bills to be read on three several days suspended (failed to suspend)
by a vote of years, nays, present, not voting

MAY 06 2003

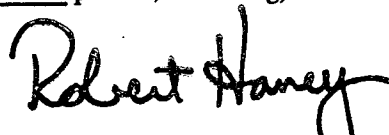
Read third time (~~amended~~); finally passed (~~failed to pass~~) by a (non-record vote)
(record vote of 143 years, 0 nays, 2 present, not voting)

MAY 07 2003

Engrossed

MAY 07 2003

Sent to Senate



CHIEF CLERK OF THE HOUSE

OTHER HOUSE ACTION:

MAY 07 2003

Received from the House

MAY 09 2003

Read and referred to Committee on ADMINISTRATION

MAY 16 2003

Reported favorably

Reported adversely, with favorable Committee Substitute; Committee Substitute read first time

Ordered not printed

MAY 20 2003

Laid before the Senate

Senate and Constitutional Rules to permit consideration suspended by (unanimous consent)
(years, nays)

MAY 20 2003

Read second time, , and passed to third reading by (unanimous consent)
(a viva voce vote)
(years, nays)

MAY 20 2003

Senate and Constitutional 3 Day Rules suspended by a vote of 31 years, 0 nays

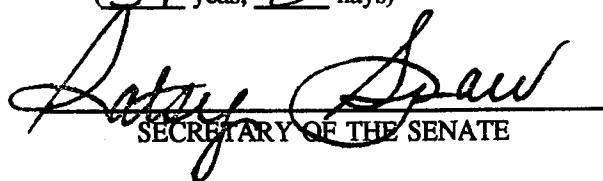
MAY 20 2003

Read third time, , and passed by (a viva voce vote)
(31 years, 0 nays)

May 20, 2003

Returned to the House

OTHER SENATE ACTION:


SECRETARY OF THE SENATE

MAY 20 2003

Returned from the Senate (~~as substituted~~)
(~~with amendments~~)

House concurred in Senate amendments by a (non-record vote)
(record vote of _____ yeas, _____ nays, _____ present, not voting)

House refused to concur in Senate amendments and requested the appointment of a conference committee
by a (non-record vote) (record vote of _____ yeas, _____ nays, _____ present, not voting)

House conferees appointed: _____, Chair; _____,
_____, _____, _____

Senate granted House request. Senate conferees appointed: _____, Chair;
_____, _____, _____, _____

Conference committee report adopted (rejected) by the House by a (non-record vote)
(record vote of _____ yeas, _____ nays, _____ present, not voting)

Conference committee report adopted (rejected) by the Senate by a (viva voce vote)
(record vote of _____ yeas, _____ nays)

03 APR -7 PM 3:21
HOUSE OF REPRESENTATIVES